

D.O.V.E. CENTER, INC.
(NONPROFIT ORGANIZATION)

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Directors
D.O.V.E. Center, Inc.

We have audited the accompanying statement of financial position of D.O.V.E. Center, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities; functional expenses; and cash flows for the year then ended. These financial statements are the responsibility of D.O.V.E. Center's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of D.O.V.E. Center, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2009, on our consideration of D.O.V.E. Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

HAFEN, BUCKNER, EVERETT & GRAFF, PC
January 30, 2009

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D.O.V.E. CENTER, INC.
Statement Of Financial Position
June 30, 2008

ASSETS

Current Assets:

| | |
|------------------------------|----------------|
| Cash | \$ 62,449 |
| Accounts Receivable (Note 3) | 37,559 |
| Other Assets | 150 |
| Total Current Assets | <u>100,158</u> |

Fixed Assets:

| | |
|--------------------------------|------------------|
| Buildings | 277,700 |
| Land | 23,000 |
| Equipment | 32,689 |
| Furniture & Fixtures | 26,756 |
| Landscaping | 24,896 |
| Other Fixed Assets | 24,263 |
| Less: Accumulated Depreciation | <u>(131,700)</u> |
| Total Fixed Assets | <u>277,604</u> |

TOTAL ASSETS

\$ 377,762

LIABILITIES & NET ASSETS

Current Liabilities:

| | |
|---------------------------|---------------|
| Accounts Payable | \$ 2,065 |
| Accrued Liabilities | 29,579 |
| Total Current Liabilities | <u>31,644</u> |

Net Assets:

Unrestricted Net Assets:

Operations:

| | |
|------------------------------|----------|
| Designated by Board (Note 4) | 90,000 |
| Undesignated | (21,486) |

| | |
|-------------------------------|----------------|
| Fixed Assets | 277,604 |
| Total Unrestricted Net Assets | <u>346,118</u> |

TOTAL LIABILITIES & NET ASSETS

\$ 377,762

The Accompanying Notes Are An Integral
Part Of These Financial Statements

D.O.V.E. CENTER, INC.
Statement Of Activities
For The Year Ended June 30, 2008

| | <u>Unrestricted</u> | | |
|---|---------------------|---------------------|-------------------|
| | <u>Operations</u> | <u>Fixed Assets</u> | <u>Total</u> |
| PUBLIC SUPPORT & REVENUE: | | | |
| Public Support: | | | |
| Cash contributions | \$ 143,322 | \$ - | \$ 143,322 |
| Non cash contributions | 157,663 | - | 157,663 |
| Special Fund Raising | 3,866 | | 3,866 |
| Grants: | | | |
| From government agencies | 276,711 | - | 276,711 |
| Other | 200 | - | 200 |
| Total Public Support | <u>581,762</u> | <u>-</u> | <u>581,762</u> |
| Revenue: | | | |
| Interest income | 651 | - | 651 |
| Misc Revenue | 249 | - | 249 |
| Total revenue | <u>900</u> | <u>-</u> | <u>900</u> |
| Total Public Support & Revenues | <u>582,662</u> | <u>-</u> | <u>582,662</u> |
| FUNCTIONAL EXPENSES: | | | |
| Program Services | 446,388 | 13,419 | 459,807 |
| Administration | 111,068 | 3,355 | 114,423 |
| Total Functional Expenses | <u>557,456</u> | <u>16,774</u> | <u>574,230</u> |
| Change in net assets | 25,206 | (16,774) | 8,432 |
| Property & Equipment Acquisitions & Transfers | | | |
| From Current Funds | (18,255) | 18,255 | - |
| Net assets, beginning of year | <u>61,565</u> | <u>276,123</u> | <u>337,688</u> |
| NET ASSETS, END OF YEAR | <u>\$ 68,516</u> | <u>\$ 277,604</u> | <u>\$ 346,120</u> |

The Accompanying Notes Are An Integral
Part Of These Financial Statements

D.O.V.E. CENTER, INC.
Statement Of Functional Expenses
For The Year Ended June 30, 2008

| | Program Services | Administrative | Total Expenses |
|------------------------------------|-----------------------------|--------------------------|---------------------------|
| Payroll: | | | |
| Salaries | \$ 202,758 | \$ 50,689 | \$ 253,447 |
| Payroll Taxes | 60,160 | 15,040 | 75,200 |
| Total Payroll | <u>262,918</u> | <u>65,729</u> | <u>328,647</u> |
| Other: | | | |
| Advertising | 711 | 178 | 889 |
| Books & Subscriptions | 52 | 13 | 65 |
| Client Costs | 4,547 | - | 4,547 |
| Food | - | - | - |
| Insurance | 5,098 | 1,274 | 6,372 |
| Licenses & Permits | - | 1,006 | 1,006 |
| Office Expense | 7,474 | 1,868 | 9,342 |
| Professional Services | 16,160 | 4,040 | 20,200 |
| Supplies | 127,896 | 31,974 | 159,870 |
| Repairs & Maintenance | 1,591 | - | 1,591 |
| Communications | 6,017 | 1,504 | 7,521 |
| Travel & Training | 8,971 | 2,243 | 11,214 |
| Utilities | 4,954 | 1,238 | 6,192 |
| | <u>446,388</u> | <u>111,068</u> | <u>557,456</u> |
| Total Expenses Before Depreciation | 446,388 | 111,068 | 557,456 |
| Depreciation | 13,419 | 3,355 | 16,774 |
| | <u>13,419</u> | <u>3,355</u> | <u>16,774</u> |
| Total Expenses | <u><u>\$ 459,807</u></u> | <u><u>\$ 114,423</u></u> | <u><u>\$ 574,230</u></u> |

The Accompanying Notes Are An Integral
Part Of These Financial Statements

D.O.V.E. CENTER, INC.
Statement Of Cash Flows
For The Year Ended June 30, 2008

Operating Activities:

| | |
|-------------------------------------|------------|
| Cash Donations Received from Public | \$ 147,188 |
| Cash Grants Received | 287,582 |
| Interest Income | 651 |
| Misc Income | 249 |

| | |
|--------------------------------------|------------------|
| Cash Paid to Providers and Employees | <u>(404,078)</u> |
|--------------------------------------|------------------|

| | |
|-----------------------------------|--------|
| Net Cash Provided from Operations | 31,592 |
|-----------------------------------|--------|

Investing Activities:

| | |
|---|-----------------|
| Purchase of Property, Plant and Equipment | <u>(13,580)</u> |
|---|-----------------|

| | |
|------------------------------------|--------|
| Increase/(Decrease) in Cash | 18,012 |
|------------------------------------|--------|

| | |
|-----------------------------|---------------|
| Cash at Beginning of Period | <u>44,438</u> |
|-----------------------------|---------------|

| | |
|------------------------------|-------------------------|
| Cash at End of Period | <u><u>\$ 62,450</u></u> |
|------------------------------|-------------------------|

The Accompanying Notes Are An Integral
Part Of The Financial Statements

D.O.V.E. CENTER, INC.
Statement of Cash Flows (Continued)
For The Year Ended June 30, 2008

RECONCILIATION OF CHANGES IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|------------------------|----------|
| Increase in net assets | \$ 8,432 |
|------------------------|----------|

**Adjustments to Reconcile Net Change in Net Assets
to Net Cash Provided by Operating Activities:**

| | |
|-------------------------------|-----------|
| Net Non-Cash Donations | (157,662) |
| Loss Disposal of Fixed Assets | - |
| Depreciation | 16,774 |
| Other Non-Cash Expenses | 152,987 |

Changes in Operating Assets and Liabilities

| | |
|---------------------------------|--------|
| Decrease in Accounts Receivable | 10,671 |
| Increase in Other Assets | - |
| Decrease in Accounts Payable | (85) |
| Increase in Accrued Liabilities | 5,404 |

| | |
|--|-------------------------|
| Net Cash Provided by Operating Activities | <u>\$ 36,521</u> |
|--|-------------------------|

The Accompanying Notes Are An Integral
Part Of The Financial Statements

D.O.V.E. CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. Background

D.O.V.E. Center, Inc. (the Center) was organized in 1993 and incorporated under the laws of the state of Utah. The Center owns and operates a crisis intervention facility to provide women and their children a temporary shelter when crisis intervention is deemed necessary.

The facility is a 4,000 square foot building with offices and six bedrooms that has a capacity of assisting 20 abused victims. The first clients utilized the facility in July 1995.

In addition, the Center provides emergency housing through local motels, etc., when room is not available at D.O.V.E. Center.

B. General

The accompanying financial statements of the D.O.V.E. Center, Inc. have been prepared in accordance with generally accepted accounting principles which require the use of management estimates and the accrual basis of accounting. Contributions are recorded when received unless susceptible to accrual.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

D. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

D.O.V.E. CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Description of Programs

Program Services: Program services consist of temporary food, shelter, counseling and other services to provide spouses and their children support and shelter when they have been in abusive situations.

Administrative Services: Administrative services consist of essential but indirect services required to operate the center.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

F. Cash and Cash Equivalents

The cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments.

At June 30, 2008, the bank balances were \$82,388. All of the bank balances are insured by NCUA.

G. Fixed Assets

Expenditures for physical properties are stated at cost. Donated assets are recorded at their estimated fair market values at the date of donation.

The Center follows the practice of capitalizing all expenditures for property, furniture, fixtures and office equipment in excess of \$500. Depreciation of physical properties is calculated on the straight line basis over the following estimated useful lives:

| | |
|----------------------|----------|
| Buildings | 40 years |
| Equipment | 10 years |
| Furniture & Fixtures | 10 years |
| Landscaping | 15 years |

The net fixed asset balance has been recorded as a separate component in unrestricted net assets. Depreciation for the year ended June 30, 2008 was \$16,774.

D.O.V.E. CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Income Taxes

The Center is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes in the accompanying financial statements. In addition, the Center has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2008.

I. Revenue

The Center receives most of its grant/contract revenue from state agencies. Revenue recognition is on the accrual basis.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

NOTE 2: DONATED SERVICES

The Center receives a significant amount of donated services from unpaid volunteers who assist in the Center in its day-to-day operation. No amounts have been recognized in the statements of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2008, are deemed to be fully collectible by management and consisted of amounts receivable from the following State of Utah Agencies:

| | |
|--|------------------|
| Rape and Sexual Assault Grant | \$ 1,381 |
| Office of Crime Victim Reparations - Arizona | 28,961 |
| Violence Against Women Act Program | <u>7,217</u> |
| Total | <u>\$ 37,559</u> |

D.O.V.E. CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4: DESIGNATED FUND BALANCES

Funds have been designated by the Board of Directors for future building improvements and other construction projects. The designated funds are not for routine repairs and maintenance. There is currently a deficit in the undesignated fund balance.

NOTE 5: CONCENTRATION OF SERVICE REVENUE

Nearly all of the Center's support is provided through a contract with the Utah Division of Child and Family Services. Loss of this support would have a materially adverse effect on the Centers ability to continue operations. The current contract terminates on June 30, 2009 and is expected to be renewed.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
D.O.V.E. Center, Inc.

We have audited the financial statements of D.O.V.E. Center, Inc. (a Nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated January 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the D.O.V.E. Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the D.O.V.E. Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Center's financial statements that is more than inconsequential will not be prevented or detected by the Center's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

- 1 B. Receipts were not issued for all donations received
- 1 D. Receipts were not always signed by an employee of the Center
- 1 E. Most cash receipts could not be traced to bank deposits

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- 1 F. Some carbon copies of the receipts had the donation amount changed by an employee from the original amount assigned by the donor
- 2 A. Not all expenditures had the required approval
- 2 B. The documentation for some expenditures was missing
- 2 C. Some employee time cards were missing
- 2 D. Some employee time cards did not have approval
- 2 E. There is no Board approved current employee wage list, salary letters or other form of documentation for employees pay rates.
4. The audited financial statements will be filed late for the current year due to the financial records being kept in such a manner that it took a substantial amount of time to put the records in such an order that could be audited.

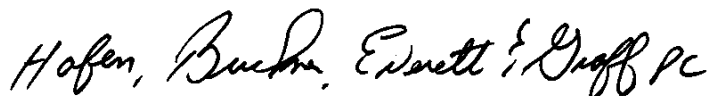
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Center's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the D.O.V.E. Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, and the state of Utah and is not intended to be and should not be used by anyone other than these specified parties.



HAFEN, BUCKNER, EVERETT & GRAFF, PC
January 31, 2009



SCHEDULE OF FINDINGS & RESPONSES

Board of Directors
D.O.V.E. Center, Inc.
St. George, Utah

During our audit of the financial statements of the D.O.V.E. Center for the fiscal period ended June 30, 2008, we found circumstances that, if improved, would strengthen the Center's accounting system and control over its assets. These items are discussed below for your consideration:

1. DONATION RECEIPTS

Finding: Our testing of donation receipts revealed the following:

- A. Receipts for cash and in-kind donations were not always issued in numerical order.
- B. Receipts were not issued for all donations received.
- C. Not all in-kind donations were assigned a value.
- D. Receipts were not always signed by an employee of the Center.
- E. Most cash receipts could not be traced to bank deposits.
- F. Some carbon copies of the receipts had the donation amount changed by an employee from the original amount assigned by the donor.

Recommendation: We recommend that employees issue a numbered receipt for all cash and in-kind donations received and that cash receipts be traced to bank deposits. We also recommend that numbered receipts be issued in numerical order for purposes of control and accountability of all donations and that a value is given to all in-kind donations received. We further recommend that only one receipt book be used at a time for each cash and in-kind donations and that the employee receiving donations sign the donation receipt and that the donor designate the value of the donation.

Response:

- A. This was also an issue in 2007. The center no longer has a financial manager or a shelter manager. Donations are accepted by volunteers and staff on duty. The center had printer donation receipts for both in-kind and cash donation forms each Monday and assure they are in numerical order for the week. On Friday, the completed donation forms will be checked to assure numerical order.
- B. Many donors have not wanted a receipt for their donation. Staff and volunteers will assure all donations are receipted and donors are provided a receipt.

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- C. All in-kind donations will be assigned a value, either by the donor or staff/volunteer.
- D. Receipts will be signed by an employee or volunteer of the center.
- E. The Executive Director has started making copies of all checks and attaching them to the deposit slips. Since cash cannot be copied, the receipt will be copied and attached to the deposit slip.
- F. Staff and volunteers will be informed that the policy is for the donor to put the amount and that it cannot be changed by staff or volunteers.

2. EXPENDITURES

Finding: Our testing of expenditures revealed the following:

- A. Not all expenditures had the required approval.
- B. The documentation for some expenditures was missing.
- C. Some employee time cards were missing.
- D. Some employee time cards did not have approval.
- E. There is no Board approved current employee wage list, salary letters or other form of documentation for employees pay rates.
- F. Bank Statements did not contain copies of cancelled checks.

Recommendation: We recommend that supporting documentation be retained for all expenditures made and that such documentation be attached to the voucher copy of the check with approval. We recommend that all employee time cards be retained with approval along with a Board approved employee wage list or salary letter. We also recommend that copies of cancelled checks are attached to bank statements on a monthly basis.

Response:

- A. The Executive Director receives, pays and documents all expenditures. Any expenditure over \$500.00 requires the Executive Directors signature and the Board President signature. This policy has changed since the new Board of Directors formed in May 2007 and the financial manager position was dissolved. Previously, the Executive Director approved all expenditures and the financial manager paid the bills.
- B. All expenditures will be attached to a copy of the check.
- C. This may be due to some time cards filed with different grant reimbursement request that were not given to the auditors. All time cards will be maintained with each month payroll documents.

- D. All time cards will be approved by the Executive Director at the time payroll is completed.
- E. The Executive Director will provide the Board with a wage list and request approval.
- F. The bank does not provide copies of cancelled checks. The Executive Director will print the online bank statement and checks each month.

3. LATE FILING

Finding. The audited financial statements from the prior year were filed late, after the December 31 deadline and will also be late for the current year since the December 31, 2008 deadline has already passed. These late filings are due to the financial records being kept in such a manner that it took a substantial amount of time to put the records in such an order that could be audited.

Recommendation. We recommend that financial records be kept in such a manner that they are readily organized so that the audited financial statements can be submitted in a timely manner to avoid late filing.

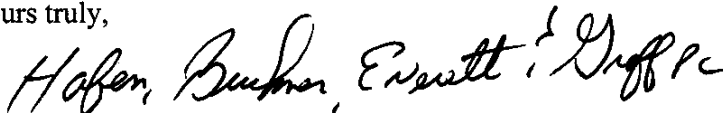
Response:

Every attempt will be made to keep financial records organized so that audits can be done in a timely manner.

This communication is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss these matters with you further at your convenience.

Yours truly,



HAFEN, BUCKNER, EVERETT & GRAFF, PC
January 30, 2009



AUDITORS' REPORT ON STATE LEGAL COMPLIANCE

BOARD OF DIRECTORS
D.O.V.E. CENTER, INC.

We have audited the financial statements of D.O.V.E. Center, Inc. a nonprofit corporation, for the year ended June 30, 2008 and have issued our report thereon dated January 30, 2009. As part of our audit, we have audited D.O.V.E. Center's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2008. D.O.V.E. Center, Inc. received the following major assistance program from the State of Utah:

Department of Human Services (Division of Child and Family Services).

D.O.V.E. Center, Inc. also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the D.O.V.E. Center's financial statements.)

Emergency Shelter Grant (Division of Housing and Community Development)
Domestic Violence (Utah Office of Crime Victim Reparations)
Rape Crisis (Utah Office of Crime Victim Reparations)

The management of D.O.V.E. Center, Inc. is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about D.O.V.E. Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

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In our opinion, D.O.V.E. Center, Inc., complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance program for the year ended June 30, 2008.

Hafen, Buckner, Everett & Graff PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC

January 30, 2009



Board of Directors
D.O.V.E. Center, Inc.
St. George, Utah

In planning and performing our audit of the financial statements of D.O.V.E. Center, Inc. as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered D.O.V.E. Center's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We considered the following deficiencies to be significant deficiencies in internal control.

1. DONATION RECEIPTS

Finding: Our testing of donation receipts revealed the following:

- A. Receipts for cash and in-kind donations were not always issued in numerical order.
- B. Receipts were not issued for all donations received.
- C. Not all in-kind donations were assigned a value.
- D. Receipts were not always signed by an employee of the Center.

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- E. Most cash receipts could not be traced to bank deposits.
- F. Some carbon copies of the receipts had the donation amount changed by an employee from the original amount assigned by the donor.

Recommendation: We recommend that employees issue a numbered receipt for all cash and in-kind donations received and that cash receipts be traced to bank deposits. We also recommend that numbered receipts be issued in numerical order for purposes of control and accountability of all donations and that a value be given to all in-kind donations received. We further recommend that only one receipt book be used at a time for each cash and in-kind donations and that the employee receiving donations sign the donation receipt and that the donor designate the value of the donation.

2. EXPENDITURES

Finding: Our testing of expenditures revealed the following:

- A. Not all expenditures had the required approval.
- B. The documentation for some expenditures was missing.
- C. Some employee time cards were missing.
- D. Some employee time cards did not have approval.
- E. There is no Board approved current employee wage list, salary letters or other form of documentation for employees pay rates.
- F. Bank Statements did not contain copies of cancelled checks.

Recommendation: We recommend that supporting documentation be retained for all expenditures made and that such documentation be attached to the voucher copy of the check with approval. We recommend that all employee time cards be retained with approval along with a Board approved employee wage list or salary letter. We also recommend that copies of cancelled checks are attached to bank statements on a monthly basis.

3. LATE FILING

Finding: The audited financial statements from the prior year were filed late, after the December 31 deadline and will also be late for the current year since the December 31, 2008 deadline has already passed. These late filings are due to the financial records being kept in such a manner that it took a substantial amount of time to put the records in such an order that could be audited.

Recommendation: We recommend that financial records be kept in such a manner that they are readily organized so that the audited financial statements can be submitted in a timely manner to avoid late filing.

Findings 1-3 were finding in the prior year with the exception of finding 2F. The Center has improved on a prior year finding by including referenced material to the Board meeting minutes.

This communication is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss these matters with you further at your convenience.

Yours truly,

Hafen, Buckner, Everett & Graff PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC

January 30, 2009